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## CENTRAL ARIZONA PROJECT

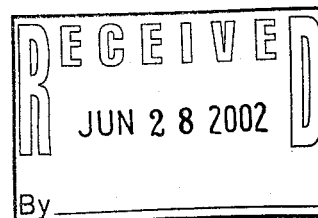
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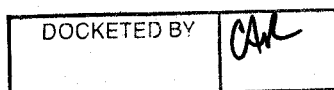
June 26, 2002

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JUL - 1 2002

Mr. William A. Mundell, Chairman  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007



Subject: Arizona-American Water Company Sun Cities Groundwater Savings  
Project (ACC Docket Nos.: W-01656A-98-0577; SW-02334A-98-0577)

Dear Chairman Mundell:

The Central Arizona Water Conservation District (CAWCD) would like to offer the following information with regard to the Sun Cities Groundwater Savings Project (GSP) as proposed by Arizona-American Water Company and the Sun Cities community-based Central Arizona Project (CAP) Task Force. We believe that the GSP's proposed use of CAP water to replace groundwater pumping by local golf courses is an effective way of using the Sun Cities' CAP water allocations directly within the community and achieving an immediate reduction of groundwater pumping in the local area.

Over the last decade, use of Arizona's CAP water allocations by municipal and industrial subcontractors has increased significantly, helping to secure Arizona's water future. Many municipal providers using CAP water have chosen to implement treatment and direct use of the water within their service territories as the most effective means of reducing groundwater pumping, mitigating the effects of groundwater overdraft, and providing for future water supply certainty.

On a parallel track with increasing direct use of CAP water allocations by municipal users, CAWCD has been aggressively constructing direct groundwater recharge facilities within the Phoenix and Tucson Active Management Areas as part of a long-term water management strategy for central Arizona. The primary objective of these facilities is to provide long-term water storage capacity for the Arizona Water Banking Authority and groundwater replenishment capacity for the Central Arizona Groundwater Replenishment District (CAGRDR). CAWCD has also made capacity available at these facilities to water providers, developers, and others who wish to recharge water to achieve specific water supply goals.

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CAWCD's Agua Fria Recharge Project is located approximately 7 miles north of the center of Sun City. Recharge activities at the Agua Fria Recharge Project as part of the state's long-term water banking efforts and CAGRD replenishment activities will certainly produce long-term benefits to water levels in the northwest valley, including the Sun Cities. The project's full capacity will be utilized by the Arizona Water Banking Authority, the CAGRD, and others for many years into the future. However, as with most direct groundwater recharge projects, the positive effects on groundwater levels may take many years to be realized, especially at appreciable distances from the facility.

In summary, the benefits to the regional aquifer of direct recharge projects like the Agua Fria Recharge Project are more long-term in nature. The Sun Cities Groundwater Savings Project and direct use of CAP water on the golf courses, should produce more immediate local benefits and is an effective way of reducing groundwater overdraft, water level decline rates, and land subsidence potential in the Sun Cities area.

Sincerely,



John D. Newman  
Assistant General Manager

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cc: Mr. Jim Irvin, Commissioner, Arizona Corporation Commission  
Mr. Marc Spitzer, Commissioner, Arizona Corporation Commission  
Mr. Steve Olea, Assistant Director, Utilities Division, Arizona Corporation Commission